

Application of City of Conrad  
Water Reservation No. 71537-41P

II. FINDINGS OF FACT

A. FINDINGS ON THE QUALIFICATION OF THE CITY OF CONRAD TO  
RESERVE WATER (Mont. Code Ann. § 85-2-316(1)(1991); ARM  
36.16.107B(1)(a)).

1. The City of Conrad is an incorporated municipality and a subdivision of the State of Montana. (Bd. Exh. 10-A, p. 1; Mont. Code Ann. § 85-2-316(1), ARM 36.16.107B(1)(a)).

2. The City of Conrad has applied for a water reservation of 1,322 acre-feet/year (af/yr) of water with a maximum diversion rate of 5.45 cubic feet/second (cfs) to be diverted from a newly developed city pumping station, located 14 miles northwest of Conrad, that would access a deeper portion of the inactive pool of Lake Frances than the present city pumping station. This new pumping station would be located about 9,000 feet upstream of the existing pumping station on the shoreline of Lake Frances, and would pump water to the existing city pumping station (which diverts water from the Lake Frances outlet works) to provide year round municipal water supplies. (Bd. Exh. 10-A, pp. 1, 3 and 38, and Bd. Exh. 10-C, p. 3).

3. The City of Conrad requested a water reservation to reserve water to supplement and increase the ability of the city to physically pump water from Lake Frances by moving the point of city diversion to a new location that would access the deeper inactive pool of Lake Frances. (Bd. Exh. 10-A, p. 8). Because Lake Frances water and lands are held by the Pondera County Canal and Reservoir Company (PCCRC), the help and cooperation of the PCCRC would be necessary to develop the reservation (Bd. Exh. 10-A, p. 7).

B. FINDINGS ON THE PURPOSE OF THE WATER RESERVATION APPLIED FOR  
BY THE CITY OF CONRAD (Mont. Code Ann. § 85-2-  
316(4)(a)(1991); ARM 36.16.107B(1)(b)).

4. The City of Conrad seeks to provide municipal water for existing uses and for future growth in a cost-effective manner. Sound planning requires providing users with an adequate water supply. The term of the water reservation would be to year 2025. (Bd. Exh. 10-A, p. 7).

5. The purpose of the reservation is to provide the water for municipal and industrial uses. (Bd. Exh. 10-A, p. 4). Municipal and industrial uses are beneficial uses of water in Montana. (Mont. Code Ann. § 85-2-102(2)(a), ARM 36.16.102(3); ARM 36.16.107B(1)(b)).

C. FINDINGS ON THE NEED FOR THE WATER RESERVATION APPLIED FOR BY THE CITY OF CONRAD (Mont. Code Ann. § 85-2-316(4)(a)(ii)(1991); ARM 36.16.107B(2)).

6. The present city water pumping station at Lake Frances provides up to 5.50 cfs and 3,270 af of water to the City of Conrad. (Bd. Exh. 10-A, pp. 42 and 4). The reservation water request would be delivered through a new submerged pumping station located nearer the deeper inactive pool area of Lake Frances. (Bd. Exh. 10-A, p. 38).

7. A reservation is one means to obtain an earlier priority date for water that may be needed to meet existing uses and projected municipal growth. However, the existing water agreements with the Pondera County Canal and Reservoir Company should supply more than enough water for existing and future municipal growth, and the PCCRC water rights date from before 1912. (Pondera County Canal and Reservoir Company Exh. 1, p. 8 and Att. F).

8. The growth of a community is dependent on the availability of a reliable and potable drinking water supply. (Bd. Exh. 10-A, p. 48).

9. The City of Conrad is a legal shareholder in the Pondera County Canal and Reservoir Company, which entitles the City to a shareholder portion of the water in Lake Frances. (Pondera County Canal and Reservoir Company Exh. 1, p. 10). Before the City of Conrad could develop the proposed reservation, it would have to obtain authorization from the Pondera County Canal and Reservoir Company to change its point of diversion (Bd. Exh. 10-A, p. 7).

10. The City of Conrad hold shares in the Pondera County Canal and Reservoir Company (PCCRC), and the PCCRC will continue to provide the City with sufficient water from Lake Frances to meet its future needs (Pondera County Canal and Reservoir Company Exh. 1, p. 8). In normal years, shares of the Pondera County Canal and Reservoir Company provide the city with a full 1.5 acre feet (af) per share. (Bd. Exh. 10-A, pp. 5 and 6). The City of Conrad's full share allocation from Lake Frances is 3,270 af of water. (Bd. Exh. 10-A, p. 4). During very dry years, any water shortages in Lake Frances are prorated among the shareholders and a shareholder may receive as little as .5 af per share, with the City receiving as little as 1,090 af during severe drought years. (Bd. Exh. 10-A, p. 6). Conrad projects that its future population of 4,520 in the year 2025 using 261 gallons per person daily would need 1,323 af per year, causing a shortage of 233 af during severe drought years (Bd. Exh. 10-C, p. 3). With the same projected population in the year 2025 using the present average of 203 gallons per person daily, the City of Conrad would need 1,030 af in the year 2025, having a 60 af surplus even during a

severe drought year. A reasonable population projection of 3,100 in the year 2025 using 250 gallons per person daily would need 870 acre feet per year, providing a 220 af cushion during a severe drought year.

D. FINDINGS ON THE AMOUNT OF WATER NEEDED FOR THE WATER RESERVATION APPLIED FOR BY THE CITY OF CONRAD (Mont. Code Ann. § 85-2-316(4)(a)(iii)(1991); ARM 36.16.107B(3)).

11. The method of determining the amount of water requested for a water reservation by the City of Conrad was based on a forecast of its future population to the year 2025 along with the estimated amount of water used per person. (Bd. Exh. 40, p. 35). The methodology used by the City of Conrad projected an average annualized (compounded population growth rate) of approximately .77 percent. (Bd. Exh. 40, p. 236). The population of the City of Conrad in the year 1990 was 2,891. (Bd. Exh. 40, p. 236). Based on the 1980 city population of 3,074 and an annualized growth rate of .77 percent, Conrad's projected population for the year 2025 would be 4,338 people. (Bd. Exh. 10-C, p. 7).

12. The methodologies and assumptions used by the City of Chester are suitable but not accurate under present conditions. (ARM 36.16.107B(3)(a)). The populations recorded in the 1990 census indicate that over the past 30 years Conrad has experienced very slow population growth of .27 percent per year annualized (from 2,665 people in the year 1960 to 2,891 people in 1990) and has lost population over the last decade (Bd. Exh. 10-C, p. 7a). A more accurate population projection for the City of Conrad is 3,100 people in the year 2025, based on a .21 percent annualized growth rate, which is the average City growth rate over the past 20 years. An additional 4 percent of residents who live outside the city limits are provided with city water services. (Bd. Exh. 10-A, pp. 18 and 19).

13. The City of Conrad estimates that it loses a modest 5 percent of its water diversions to system operations and leakage. (Bd. Exh. 10-A, p. 22). Conrad's average usage of 203 gallons per person daily is lower than the typical basin municipal use rates of 250 gallons per person daily, quite possibly because of high water costs of \$1.76 /1000 gallons. (Bd. Exh. 10-A, pp. 22 and 25; Bd. Exh. 9-C, p. 3). The City expects per capita water use rates to increase to 261 gallons per person daily, but does not give a reason for the projected increase (Bd. Exh. 10-A, p. 28 - 30).

14. Approximately 31 percent of the city water service connections are metered at present. (Bd. Exh. 10-C, p. 5). The City of Conrad meters new connections to the water system. (Bd. Exh. 10-C, p. 5). The city is considering additional metering of existing unmetered water connections. (Bd. Exh. 10-C, p. 5). The City expects metering would reduce water consumption by

approximately 20 percent compared to nonmetered water connections. (Bd. Exh. 10-A, pp. 27 and 49).

15. The water use efficiencies associated with the proposed water reservation uses by the City of Conrad are not reasonable. (ARM 36.16.107B(3)(b)). The City does not provide a reason for the projected 28 percent increase in per capita water use, while the use of increased metering and elevated water costs from the proposed development would be expected to decrease per capita water use rates.

16. City metering of the presently unmetered 69 percent of City water connections would easily meet any additional water demands from the projected seven percent population increase over the next 35 years. This cost-effective measure could maintain or reduce per capita usage rates in the City of Conrad and would eliminate the any need for a water reservation. (ARM 36.16.107B(3)(b)). The costs of developing a new water reservation diversion location and the associated expansion of the water treatment plant may exceed the financial capabilities of the City of Conrad (Bd. Exh. 10-A, p. 59).

E. FINDINGS THAT THE WATER RESERVATION APPLIED FOR BY THE CITY OF CONRAD IS NOT IN THE PUBLIC INTEREST (Mont. Code Ann. § 85-2-316(4)(iv)(1991); ARM 36.16.107B(4)).

17. Based on the finding of fact that the amount of water sought by the City of Conrad is not needed, the reservation by the City of Conrad would not be in the public interest. (Mont. Code Ann. § 85-2-316(4)(a)(iv); ARM 36.16.107B(4)).

### III. CONCLUSIONS OF LAW

1. The City of Conrad is a qualified applicant for a water reservation. (Mont. Code Ann. § 85-2-316(1)(1991).)

2. The purpose of the City of Conrad's application is for beneficial use. (Mont. Code Ann. § 85-2-316(4)(a)(i)(1991); ARM 36.16.107B(1)(b).)

3. The need for the City of Conrad has not been established. (Mont. Code Ann. § 85-2-316(4)(a)(ii)(1991); ARM 36.16.107B(2).)

4. The City of Conrad has not established that its water reservation is in the public interest. (Mont. Code Ann. § 85-2-316(4)(a)(iii)(1991); ARM 36.16.107B(3).)

#### IV. ORDER

1. The water reservation application for the City of Conrad is denied.